

CIA INTERNAL USE ONLY

OLC 73-0390

26 March 1973

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MEMORANDUM FOR THE RECORD

SUBJECT: Director's Conversation with Senator Church Re Bill Broe's
Appearance Before the Subcommittee on Multinational
Corporations.

1. This afternoon the Director called Senator Church in response to his letter of 23 March requesting Mr. Broe's appearance under oath, in public session, before the Subcommittee, at 10:00 a.m. on 28 March.

2. The Director explained that we wanted to be as cooperative as possible and the Senator said he appreciated this and recognized that Broe's appearance created some special problems for us.

3. The Director said that we were prepared to declassify for publication a large part of the testimony that Mr. Broe had already provided the Subcommittee staff informally. He suggested that on 28 March Mr. Broe appear in executive session with the understanding that his testimony at that time would also be declassified for prompt publication, except for possible small sensitive items which could be deleted from the record. In response to the Senator's question the Director said of course there would be no objection to this testimony being under oath. The Director added that we were concerned over the precedent which would be established if an operations officer testified in public, but we fully recognized the Subcommittee's legitimate interest and the questions involved and wanted to be as helpful as possible.

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4. The Senator said this sounded like a reasonable proposal and he would take it up with his Subcommittee the next day.

5. The Director said he was sending a letter formally setting forth the above proposal, and added that Senator Symington had expressed the view that an executive session would be the best solution. The Senator said he appreciated our prompt responses to the Subcommittee's requests, and remarked that Mr. Broe's testimony was important because the only other person knowledgeable on some of the significant questions involved was apparently unable to recall what was said.

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JOHN M. MAURY
Legislative Counsel

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OLC/JMM:  (26 March 1973)

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Testimony by Agent Is a First for CIA

By JEREMIAH O'LEARY
Star-News Staff Writer

An agent of the CIA today made an unprecedented appearance before a Senate subcommittee to tell under oath what he knows about the relationship between himself and International Telephone and Telegraph Corp. regarding political events in Chile.

The appearance of William V. Broe, former chief of the CIA Latin American division, before the Senate Subcommittee on Multinational Corporations, was behind closed doors. But Chairman Frank Church, D-Idaho, has worked out an agreement with CIA Director James Schlesinger so that a transcript of much of the question-and-answer session will be released, to the public probably within 24 hours.

No operating agent of the CIA has ever made a congressional appearance under such near-open conditions. The subcommittee, which already has interviewed Broe informally was to make public a declassified copy of that transcript today, according to aides.

Who Initiated Plans?

Subcommittee officials said it was obvious that the CIA agreed to this break with precedent because the agency is anxious for its side of the ITT-Chile controversy to be made public. Testimony in the hearings last week brought to light inconsistencies in the reported relationship between ITT and CIA in connection with the election of Marxist President Salvador Allende in Chile.

The major question raised by conflicting testimony is whether CIA or ITT initiated plans whereby the corporation offered up to \$1 million to any U.S. government operation regarding the Chilean election outcome.

John McCone, former CIA director and now a director of ITT, testified he understood the money was to block Allende from taking power but ITT senior vice president Edward Gerrity said he thought the money was for housing and agricultural projects that might mollify Allende in his

drive to nationalize ITT properties without compensation.

Schlesinger's agreement with the subcommittee about Broe's appearance today was described in a letter to Church yesterday. It said:

"I believe that our discussions in recent weeks have indicated my desire to cooperate to the fullest extent possible with the subcommittee in the matter of the ITT-Chile investigations consistent with responsibilities placed on me by law and with the necessity for respecting certain sensitive agency relationships.

"It was in this spirit that I suggested that Mr. Broe meet with you and the staff of your subcommittee in formally and privately to discuss the extent of Mr. Broe's relationships with officials of ITT. As an outgrowth of that meeting, Mr. Broe responded for the classified record to a series of questions submitted to your subcommittee staff. I have since reviewed Mr. Broe's answer to these questions and concluded that most, if not all of them, can be declassified for incorporation in the public record if you so desire.

Unique Aspects

"As you know, operating officials of the agency have not previously testified under oath in public sessions. I desire, however, to continue to cooperate as fully possible with your subcommittee because of

the unique aspects of the hearings on ITT. I would agree, therefore, to have Mr. Broe appear before your subcommittee under oath to present testimony limited to his conversation with ITT officials in 1970 in connection with Chile.

"Due to compelling operational and security reasons which we have already discussed, I must request that Mr. Broe's appearance be limited to executive session. Further, as the subcommittee feels it is desirable to make Mr. Broe's testimony public I would be glad to review his testimony for that purpose.

"I am certain such an arrangement would result in placing on the public record the items which your subcommittee believes are important in connection with its present investigation. This procedure would, I trust meet your objectives while allowing me the flexibility needed to discharge my responsibilities as called for by the National Security Act of 1947."

The subcommittee was to return to public session later to day and question former Ambassador to Chile Edward Korry and two officials of the Andacocha Copper Co.

NEW YORK TIMES

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C.I.A. AIDE TO TELL OF I.T.T. DEALINGS

Official to Testify on Chile
in Unusual Arrangement

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, March 26—

The Central Intelligence Agency and a special Senate subcommittee agreed today on an unusual arrangement whereby a C.I.A. official will testify tomorrow about his dealings with the International Telephone and Telegraph Corporation in connection with the political situation in Chile.

Events at issue occurred in 1970 and 1971, before and immediately after the election of President Salvador Allende Gossens, a Marxist. Testimony already heard by the Senate subcommittee on multinational corporations shows that I.T.T. officials, including Chairman Harold S. Geneen had repeated contacts with William V. Broe, then the C.I.A.'s director of clandestine activities in Latin America.

Company documents appear to show that Mr. Broe endorsed the view of the company that all possible steps should be taken to prevent Mr. Allende's accession to power, including attempts to generate a take-over by the military.

System Used Sparingly

The arrangements made by the subcommittee, after extended negotiations with James R. Schlesinger, the new head of the C.I.A., will permit the publication, after censorship, of Mr. Broe's testimony before a closed session of the subcommittee.

This is the same system that was used last year by the Senate Armed Services Committee in the case of Maj. Gen. John D. Lavelle, who was demoted following disclosures that he had ordered bombings of North Vietnam that were not authorized by his superiors.

It is a system for getting essential testimony without disclosure of information deemed vital to national security and has been used sparingly since it was first devised for the Senate investigation of President Truman's ouster of Gen. Douglas MacArthur as the United States commander in Korea.

It is unusual for any testimony of an official of the C.I.A. to be made public. C.I.A. officials said the only previous instances they could remember were the testimony of Allen W. Dulles, then C.I.A. director, before the Congressional Joint Economic Committee in the late nineteen-fifties when he expressed alarm that the Soviet economy was growing faster than the American, and the testimony of Francis Gary Powers, the U-2 pilot who was shot down and captured by the Russians.

CIA Agent To Testify on ITT, Chile

By Laurence Stern

Washington Post Staff Writer

In an unprecedented action, the Central Intelligence Agency has agreed to permit its former chief covert operative for the Western Hemisphere to testify under oath today at a Senate investigative hearing.

The CIA official, William V. Broe, is scheduled to appear at a 9:30 a.m. closed session of the Senate Foreign Relations Subcommittee on Multinational Corporations to talk about his dealings with the International Telephone and Telegraph Corp. in Chile.

Broe's testimony, due to be made public later today after review by the CIA, will resolve one of the central contradictions of the ITT investigation.

He will be asked to describe his private, one-hour meeting with ITT board chairman Harold S. Geneen in a Sheraton Carlton Hotel room on the night of July 16, 1970. The meeting was arranged by former CIA director John A. McCone, an ITT board member and still a CIA consultant, and by Richard M. Helms, McCone's successor as head of the agency.

McCone has testified that two months after the meeting he transmitted to national security adviser Henry A. Kissinger and Helms, at Geneen's request, an ITT offer of as

ITT, From A1

much as a million dollars to help underwrite a U.S. government plan to block Chilean President Salvador Allende's election in 1970.

But one of Geneen's chief deputies, ITT senior vice president Edward Gerrity, has told the subcommittee that Geneen's offer was to help provide housing and technical agricultural assistance after Allende's election. Gerrity could not provide the subcommittee with corroborative testimony that such a proposal had been delivered to the government.

Broe has already given the subcommittee a private, unsworn account of what he and Geneen discussed during the Carlton meeting. It was presumably on the strength of this testimony that subcommittee counsel Jerome Levinson asked McCone last week if Geneen had not offered Broe a large sum to finance the anti-Allende plan. McCone said he didn't know.

The testimony of Broe and former U.S. Ambassador to Chile Edward Korry is also expected to explore the question of whether political pressure was brought to bear on the CIA to involve itself with ITT in stop-Allende strategies.

Senators familiar with CIA operations doubt that Broe, an experienced intelligence operative, would have met with Geneen and other ITT executives without instructions from his superiors in the CIA, notably Helms. Before leaving for his new ambassadorial post in Iran, Helms also testified at a closed session of the multinational subcommittee on the Chilean affair.

ITT documents indicate that Broe came up with a plan under which the company would undertake to contact other American firms doing business in Chile, calling for measures that would seriously impair the already fragile Chilean economy. One striking aspect of the plan was that the CIA would have no operational role in carrying it out.

McCone told the subcommittee that he personally had opposed any plan under which ITT itself would sabotage Allende's prospects of election. However, the former CIA chief said neither he nor Geneen had any objections to underwriting a "government plan" to achieve the same goal.

Helms was described by McCone as having felt in the early summer of 1970 that there was little prospect of blocking the election of Allende, a Marxist who had incurred ITT's enmity by raising the specter of nationalization of the corporation's Chilean telephone company subsidiary.

However, after Allende won his narrow popular plurality on Sept. 4, 1970, a major lobbying campaign was unleashed by ITT, according to corporate documents, to block his election by the Chilean Congress the following month.

At the ITT board's meeting on Sept. 8 and 9, Geneen asked McCone to transmit his financing offer to the White House and the CIA. McCone testified that he talked to Kissinger and Helms in the ensuing few days. Other ITT officials contacted key staff people in the State Department and National Security Council as well as then Attorney Gen-

eral John N. Mitchell during the week following the board meeting.

An ITT field officer in Santiago wired the company's New York headquarters on Sept. 17 that Ambassador Korry two nights earlier had received from Washington "the green light to move in the name of President Nixon . . . to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

Korry will be questioned today about the "green light" cable and its origins. One of the authors of the message, ITT public relations man Hal Hendrix, testified that the information came from a well-connected Chilean Christian Dem-

ocratic politician, not from U.S. government sources.

Members of the Senate subcommittee want to know how information of such a highly sensitive nature leaked out of U.S. government channels into the hands of an ITT official, if indeed the "green light" report had any basis in fact.

Broe's appearance today will mark the first time a CIA operative has been permitted to testify under oath before a congressional committee, according to subcommittee sources. The agency normally carries out its liaison with Congress through select panels of the Armed Services and Appropriations committees in the House and Senate.

See ITT, A17, Col. 5

THE EVENING STAR

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Yesterday's high 64 at 2:30
p.m. Today's low, 38 at 5:50
a.m. Details, Page B-6.

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** WASHINGTON, D. C., WEDNESDAY,

CLINICS FOR FIRST OFFENDERS

No Jail for Addi

By PATRICK COLLINS

Star-News Staff Writer

multinational corporations subcommittee, "the performance of the Chilean economy has been poor and a major reason for the present lack of new lending by the international development institutions."

The subcommittee is investigating the involvement of the International Telephone & Telegraph Corp. and the U.S. government in internal Chilean affairs.

No New Loans

Hennessy said no new loans have been made by the World Bank, the International Finance Corporation or the Inter-American Development Bank (IOB) since Allende was elected president of Chile in September 1970.

Before 1971, he said, Chile had received more than \$270 million in loans from the World Bank group and \$312 million from the IDB. Allende was elected in October 1970.

Hennessy acknowledged that the Treasury is maintaining contacts with all U.S. companies affected by Chilean expropriations, including ITT.

He said he had several contacts with ITT's Washington representatives and that former Treasury Secretary John

not been made public but one proves to be successful in dis-

law enforcement

EDWARD KORRY

B. Connally had received a visit from ITT president Harold S. Geneen after the Allende government intervened in ITT's telephone holdings in Chile.

Soundly Managed Economy

The charters of the development banks include an explicit requirement about the ability of any country to use and repay foreign borrowing, Hennessy said, adding that a primary condition for lending—which Chile failed to meet—was a soundly managed economy.

No amount of external financial assistance can substitute for needed internal measures, Hennessy said, and present conditions make it impossible for funds to be used for the benefit of the Chilean people or with reasonable possibility of repayment.

"In the case of Chile there is a general debt repayment problem and particular problems of debt repudiation," Hennessy declared.

"In addition there are two cases of actual debt repudiation, Chile has repudiated a

Another part of the proposal would give District police in the
profits" in violation of interna-
tional law.

'Dangerous Precedent'

He noted that the excess profits in copper are attributed to precisely the period when Chile was a partner with the two American copper companies. "They thought they had a good deal," Hennessy said. "But if a company loses money, nobody steps in to say that is an excess loss and offers to help. Retroactive application of excess profits is a dangerous precedent."

Meanwhile, the committee, headed by Sen. Frank Church, D-Idaho, announced it would release this afternoon the testimony of CIA agent William V. Broe, made in closed session yesterday.

The existence of a hitherto secret CIA propaganda fund of \$400,000 for use in the Chilean presidential election of 1970 was brought to light by the subcommittee yesterday.

It has been learned authoritatively that the fund was provided by the CIA for the period prior to the popular election on Sept. 4, 1970, when Allende won a hairs-breadth plurality in a three-man race. But informed sources believe, and

Ex-Envoy Says the C.I.A. Ordered Polls on Allende

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, March 27—The Central Intelligence Agency commissioned polls to determine the probable outcome of the presidential election in Chile in 1970, Edward M. Korry, former United States Ambassador to Chile, said today.

But Mr. Korry would not say, under questioning from a special Senate subcommittee, whether he also had known a reported decision by the agency to set aside \$400,000 for propaganda activities in Chile aimed at influencing the outcome of that election.

The winner was Dr. Salvador Allende Gossens, whom Mr. Korry said he had wanted defeated because he relieved that Dr. Allende would carry out the Marxist platform on which he ran and would nationalize American-owned businesses in Chile.

Question Raised by Lawyer

The question about a \$400,000 propaganda fund was raised by Jerome I. Levenson, chief counsel to the subcommittee on multinational corporations of the Senate Foreign Relations Committee.

Mr. Levenson did not name his source for the assertion that \$400,000 had been made available to influence the election.

Earlier in the day, however, the subcommittee had questioned, in a closed session, the former director of the Central Intelligence Agency's clandestine activities in Latin America, William V. Broe.

Mr. Broe's testimony is to be made public as soon as top agency officials have reviewed it for previously unpublished information that might disclose United States intelligence sources or methods.

Results of Polls

According to the Korry testimony, the polls that the C.I.A. commissioned showed that Dr. Allende would win the election which was a three-way race

with about 40 per cent of the vote.

Mr. Korry said that he had challenged the validity of the polls because they were based on 1960 census statistics and he had felt that more up-to-date information would show less support for Dr. Allende.

The Chilean won 36 per cent of the popular vote and was later elected by the Chilean Congress under a regular procedure for deciding an election in which no candidate received a majority of the votes.

The decision to allocate \$400,000 for anti-Allende propaganda was made, according to Mr. Levenson, not just by the Central Intelligence Agency but also by the high-level inter-agency Government committee that oversees the agency's policy.

Mr. Levenson indicated that the money had been earmarked for use in Chile in late June or early July 1970; the popular election was held Sept. 4, 1970.

Mr. Korry took the position that he could not answer questions on the reported fund and on other matters he was asked about today.

Declines to Answer

On matters involving the C.I.A., he said that the law provided that only the agency's director could disclose anything concerning its activities.

On questions about instructions he had received from the State Department, he said that if he answered he would be violating promises of confidentiality he had made when sworn as Ambassador.

CIA \$400,000 Chile Fund Reported

By Laurence Stern

Washington Post Staff Writer

Senate investigators sought to elaborate yesterday on a report that the Central Intelligence Agency was authorized to spend \$400,000 for covert propaganda action against Marxist presidential candidate Salvador Allende in Chile during the summer of 1970.

The existence of the fund was first broached by Jerome Levinson, counsel to the Senate Foreign Relations Subcommittee on Multinational Corporations, during the questioning of former Ambassador to Chile Edward Korry.

Korry confirmed that he knew a senior interdepartmental intelligence group of the National Security Council met to discuss the CIA's strategy toward Allende in late May or early June of 1970.

But he referred the subcommittee to CIA Director James R. Schlesinger on the question of whether the NSC policy group allocated \$400,000 for covert propaganda activities against Allende.

The National Security Council committee to which Levinson referred is the government's senior policy forum for covert intelligence operations, and functions under the direction of National Security Adviser Henry Kissinger.

"Anything to do with activities of the CIA, I am not going to reply to,"

Korry told Levinson. "It is the obligation of the CIA director to advise you."

Last week former CIA Director John A. McCone told the subcommittee he had been advised by Richard M. Helms,

the agency's director in 1970, that "a minimal effort" had been authorized in the Allende election "within the flexibility" of the CIA's budget.

McCone said Helms also told him the senior interdepartmental committee, known as the Forty Committee, had considered the matter and decided that nothing of a major nature should be done to block Allende's election.

The subcommittee is examining whether the International Telephone and Telegraph Corp. exercised improper influence in the Chilean presidential election to stave off nationalization of its Chilean telephone company subsidiary, and whether U.S. government agencies worked in collusion with ITT in an attempt to prevent Allende from assuming the presidency.

Korry, in an afternoon of testimonial sparring, declined to tell the subcommittee what instructions he had received from the State Department in the crucial period between Allende's popular election on Sept. 4, 1970, and his installation by the Chilean Congress the following Oct. 24.

"I have a deep abiding conviction it is morally wrong to give you the details of privileged communication between an embassy and its government," the former ambassador told the subcommittee.

The question of Washington's instructions to Korry came in the con-

text of an ITT document in the subcommittee's possession—a copy of a cable from two executives of the firm on Sept. 17, 1970, from Santiago to ITT's New York headquarters.

The message said: "Late Tuesday night (Sept. 15) Ambassador Edward Korry finally received a message from the State Department giving him the green light to move in the name of President Nixon. The message gave him maximum authority to do all possible—short of a Dominican Republic-type action—to keep Allende from taking power."

Korry said the ITT cable was "erroneous" and that he had not received instructions to do all he could to stop Allende. But he persisted in refusing to tell his questioners what his instructions were.

The former ambassador, who served in Santiago from 1967 to 1971, acknowledged that he did personally favor a strategy to block Allende's election by Congress. This strategy, the "Alessandri Formula," was designed to pave the way for election of former Christian Democratic President Eduardo Frei.

Korry said he discussed the Alessandri Formula with representatives of American business in Chile who were concerned about expropriation under Allende. "But there was no concerted effort on their part to sell me or on my part to sell them," he testified. There was strong American corporate support for the plan until it became clear that it did not have enough support in the Chilean Congress.

The subcommittee announced that it will release the testimony of the CIA's former chief for Western Hemisphere clandestine operations, William V. Broe, today after it has been reviewed by agency director Schlesinger.

Broe testified for nearly 45 minutes during a closed session yesterday morning on his dealings with ITT board chairman Harold S. Geneen and other officials of the company in the Chilean affair. Geneen will be asked to give a version of those dealings when he testifies on Thursday.

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PAGE

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C.I.A. Aide Says He Gave Anti-Allende Plan to I.T.T.

By E LEEN SHANAHAN
Special to The New York Times

WASHINGTON, March 28—An official of the Central Intelligence Agency has testified that in 1970 he proposed to the International Telephone and Telegraph Corporation a series of steps that it and other American companies might take to create enough economic instability in Chile to prevent the election of Dr. Salvador Allende Gossens as President.

The testimony came from William V. Broe, who was in charge of the Central Intelligence Agency's clandestine operations in Latin America in 1970. Mr. Broe, still a C.I.A. official, said that he had acted with the full knowledge of the man who at the time headed the agency, Richard Helms.

'Substantial Fund' Offered

Mr. Broe testified yesterday before a closed session of the subcommittee on multinational corporations of the Senate Foreign Relations Committee. Twenty-six pages of transcript were made public today. The subcommittee and the Central Intelligence Agency are still discussing the release of 18 more pages, but the subcommittee chairman, Senator Frank Church, Democrat of Idaho, said that he thought that the remaining pages were of relatively little importance.

Mr. Broe also said that Harold S. Geneen, chairman of the board of I.T.T., had initiated the first contacts between his company and the Central Intelligence Agency in the summer of 1970.

At that time, according to Mr. Broe, Mr. Geneen offered the C.I.A. "a substantial fund" to support the election of Jorge Alessandri Rodriguez, one of two relatively conservative candidates running against Dr. Allende, a Marxist who was the

Continued on Page 5, Column 3

candidate of a Socialist-Communist coalition.

Mr. Broe said that he had turned down Mr. Geneen's offer, as I.T.T. officials testified earlier had been the case.

Mr. Broe also said that he told Mr. Geneen that the C.I.A. could not "serve as a funding channel" for I.T.T. and that "the United States Government was not supporting any candidate in the Chilean election."

A Different Position Later

About three and a half months later, however, Mr. Broe took a different position with his proposal to the company that steps be taken to create such adverse economic conditions in Chile that Dr. Allende might be defeated.

What took place between the Geneen-Broe conversation in July and Mr. Broe's conversation with Edward J. Gerrity, senior vice president of I.T.T., was not made completely clear by the transcript.

A major charge was that the first phase of the Chilean election had occurred by the time of the meeting with Mr. Gerrity. Dr. Allende in the popular vote on Sept. 4, 1973, had won a plurality but not a majority of the popular vote and the final decision lay with the Chilean Congress—which elected Dr. Allende President on Oct. 24.

The transcript of the testimony line does not show whether it was the increasing likelihood that Dr. Allende would be elected that had changed the apparent position of the C.I.A. or whether other forces had been at work. International Telephone and Telegraph Corporation officials had, in the meantime, been talking to the State Department and President Nixon's adviser on national security, Henry A. Kissinger. Properties belonging to I.T.T. were seized after Dr. Allende took office in November 1970.

'Thesis' About Economy

Mr. Broe said that when he saw Mr. Geneen, about a month before the Chilean Congress date, "There was a thesis that additional deterioration in the economic situation could influence a number of Christian-Democratic Congressmen who were planning to vote for Allende" not to do so.

The following exchange then took place in the hearing here: Senator Church: Did you discuss with Mr. Gerrity the feasibility of banks not renewing credits or delaying in doing so?

Mr. Broe: Yes, sir.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of companies dragging their feet in spending money [in Chile] and in making deliveries and in shipping spare parts?

Mr. Broe: Yes, I did.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of creating pressure on savings and loan institutions in Chile so that they would have to shut their doors, thereby creating stronger pressure?

Mr. Broe: Yes.

Senator Church: Did you discuss with Mr. Gerrity the feasibility of withdrawing all technical help and not promising any technical assistance in the future?

Mr. Broe: Yes, sir.

Suggestions Were Rejected

According to internal I.T.T. memorandums that were read into the subcommittee's record last week, Mr. Genee rejected Mr. Broe's suggestions because he felt they would not work.

Mr. Broe also testified, in contradiction to the contents of other I.T.T. documents, that the purpose of attempting to create instability was not to encourage a take-over by the Chilean military.

Nor, he said, had the C.I.A. made any approaches to the Chilean military, contrary to what appeared to have been reported in a memorandum from William R. Merriam, the head of I.T.T.'s Washington office.

The questions and answers on this point were as follows:

Senator Church: Did you advise Mr. Merriam that approaches continue to be made to select members of the armed forces in an attempt to have them lead some sort of uprising?

Mr. Broe: No. On a number of occasions Mr. Merriam questioned me regarding possible action by the military, as this was a subject everyone was interested in. I advised him that our coverage of the military gave no indication they would take action.

Other Matters Contradicted

Other matters, either contained in I.T.T. documents or testified to earlier by I.T.T. officials, were also contradicted by Mr. Broe and other witnesses today.

Chief among these was the assertion that Central Intelligence Agency officials had di-

rectly approached officials of United States banks, suggesting that they cut off credit to Chilean businesses and citizens.

Mr. Broe said that "the only company that I had anything to do with in regard to Chile was I.T.T."

Officials of the First National City Bank, the Chase Manhattan Bank and Manufacturers Hanover Trust, all in New York City, all denied discussing any cutoff of credit with either C.I.A. or I.T.T. personnel.

All said, however, that they had been approached by Chilean politicians for financial help in the presidential campaign.

Mr. Broe's testimony left unanswered the question of whether anyone in a higher position than Mr. Helms, the Director of Central Intelligence at the time, had known of Mr. Broe's proposals to Mr. Gerrity that the International Telephone and Telegraph Corporation and other American companies in Chile attempt to create economic instability there.

He was not asked the question and subcommittee sources said that the reason was that

the subcommittee had agreed in advance to limit its questions to the subject of Mr. Broe's contacts with I.T.T. officials.

Since regulations governing the operations of the Central Intelligence Agency are not made public, it is not clear whether even Mr. Broe's approach to Mr. Gerrity should have been cleared by the so-called 40 Committee, an inter-agency body with members from the State and Defense Departments, the C.I.A. and the National Security Council. The committee is supposed to approve in advance certain C.I.A. operations.

In releasing the transcript, Senator Church said that he thought it improper for either private companies or the United States Government to intervene in a free election—which the election of Dr. Allende was, by all accounts. He commented that at the same time the ideas for intervention in Chile were being discussed, the United States was fighting a war in Vietnam, the stated purpose of which was to assure free elections there.

CIA Aide Disputes ITT on Fund Offer

By Laurence Stern
Washington Post Staff Writer

DATE 29 MAR 73 PAGE 1

A high-ranking Central Intelligence Agency official has told Senate investigators that he was offered—and declined—a substantial fund by ITT board chairman Harold S. Geneen to block the election of Chilean President Salvador Allende in 1970.

In sworn testimony released yesterday, William V. Broe, former CIA chief of clandestine operations in the Western Hemisphere, also acknowl-

edged that he discussed steps with ITT officials to accelerate economic instability in Chile at a crucial political period for Allende.

Broe's testimony, given to an investigating subcommittee Tuesday under an unprecedented arrangement, contradicted earlier assertions under oath by an ITT vice president that Geneen had made the money offer to finance housing and technical agricultural assistance in Chile.

Geneen is due to testify on his financial offer to Broe on Monday. Until then, Sen. Frank Church (D-Idaho) said yesterday, the investigators would not "pass judgment" on the possibility of perjury action in the ITT investigation.

Church is chairman of the Senate Foreign Relations Subcommittee on Multinational Corporations, which is conducting the inquiry. The panel questioned Broe in closed session Tuesday morning and submitted the transcript to the CIA for review. Church said it was unprecedented for an operating agent of the agency to give sworn testimony to a congressional investigating committee.

Broe testified that he went to the meeting with Geneen at the Sheraton Carlton Hotel on the night of July 16, 1970, under instructions from then CIA director Richard M. Helms, who was recently replaced by President Nixon and appointed Ambassador to Iran.

At the meeting, Broe testified, Geneen offered the substantial fund—which would be controlled and chan-

neled by the CIA—to support the candidacy of Jorge Alessandri, of the right-wing National Party, against Allende.

In declining the offer, Broe said, he told Geneen "we could not absorb the funds and serve as a funding channel. I also told him that the United States Government was not supporting any candidate in the Chilean election."

The CIA official asserted that Geneen at no time suggested that the money would be contributed for housing or agricultural assistance. ITT's vice president for corporate relations, Edward Gerrity, testified last week that Geneen intended the money to be used for such purposes and not to influence the course of the election.

Under questioning by Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.), Broe said ITT, not the CIA, took the initiative in attempting to intervene in the Chilean election for its "own corporate purposes."

It was not American policy, Broe said, to influence the Chilean elections in 1970.

The CIA witness said Geneen told him that ITT and other American companies raised a political fund to influence the outcome of the 1964 Chilean election, when Christian Democrat Eduardo Frei came to power, but that John McCone, then the director, did not accept the money.

Broe's testimony indicated that the agency took a more cooperative attitude with ITT in subsequent meetings, following Allende's narrow popular plurality on Sept. 4, 1970, but before he was installed by a vote of the Chilean Congress the following month.

Again at the direction of Helms, Broe said, he met with Gerrity on Sept. 29 to explore with the ITT executive "how the deteriorating economic situation (in Chile) could be accelerated..."

Broe confirmed that he discussed with Gerrity such measures as curtailing bank credits and deliveries of spare parts, creating pressure on savings and loan institutions to close their doors, and withdrawing technical assistance.

The CIA's endorsement of this economic pressure, said Broe, was designed to discourage Christian Democratic congressmen from supporting Allende, a Marxist-Socialist, in the crucial congressional balloting on the presidency.

"There was a thesis," said Broe, "that additional deterioration in the economic situation could influence a large number of Christian Democratic Congressmen who were planning to vote for Allende."

He told the subcommittee that ITT executives were negative toward the plan because they felt it was unworkable. The maneuver, described in Chile as the "Alessandri Formula," was looked upon favorably by then U.S. Ambassador Edward Korry and ITT, as well as by Allende's Chilean opposition, as a means of restoring Frei to the presidency by setting the stage for a new election.

It never came to pass.

Church said yesterday he thought it was "very improper" for any American corporation to offer a large sum of money to support a CIA intervention in an election. He said it was also "improper policy" for the U.S. government to enlist private corporations in the same objective.

In a meeting with newsmen, the Idaho Democrat said, he could not clarify the apparent contradiction between Broe's declaration to Geneen that the CIA was not supporting a candidate in the election and Broe's subsequent endorsement of economic pressures designed to prevent Allende from taking office. Broe's testimony, he said, "would have to speak for itself."

Sen. Clifford P. Case (R-

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N.J.) also observed that "the record to me is not clear."

One possibility under consideration is that the policy of the U.S. government underwent change between Broe's first contact with Geneen and his subsequent meeting with Gerrity.

McCone testified last week that Helms had told him in the early summer of 1970 that a National Security Council interdepartmental group governing CIA covert operations had decided to take no action to thwart Allende's accession to power.

In early September, however, McCone, an ITT board member and CIA consultant, approached national security adviser Henry Kissinger and Helms to convey Geneen's offer of aid to finance a U.S. government plan to block Allende.

On Sept. 16 Kissinger delivered a not-for-attribution press backgrounder in Chicago in which he said, "I don't think we should delude ourselves that an Allende takeover in Chile would not present massive problems for the United States and democratic forces and pro-U.S. forces in Latin America and indeed to the whole Western Hemisphere . . . So we are taking a close look at the situation. It is not one in which our capacity for influence is very great at this particular moment . . ."

An intensive lobbying program was conducted during mid-September by ITT officials with top administration officials for some form of intervention in Chile. Geneen's offer of financial aid for a CIA operation was rejected.

But on Sept. 29 Broe, acting with the full consent of his superiors, endorsed an economic program to frustrate Allende's candidacy in the Chilean Congress.

Broe testified that he also met with ITT's former Washington office director William Merriam on Sept. 22, a week prior to the Gerrity meeting, and gave his assent to ITT

proposals for covert support to anti-Allende newspapers as well as the hiring of radio and television "propagandists" favoring other candidates.

"Mr Merriam, without any discussion of those (proposals), said, 'What do you think of the proposals', and I said I think they are all right," Broe testified. "Then there was no discussion."

The anti-Allende press and television campaign was proposed by two ITT field operatives, Hal Hendrix and Robert Berrellez from Santiago. ITT officials testified that they never put the plan into operation.

The purpose of Church's inquiry is to determine whether ITT brought improper influence in Chile to affect the outcome of the 1970 election and the extent to which it had the active cooperation of the CIA. ITT and a number of other companies contended that their fears of an Allende administration were prompted by campaign pledges of the Socialist candidate to nationalize basic industries, such as ITT's telephone subsidiary as well as American owned copper and bank holdings.

Allende's government contended that it was negotiating in good faith to compensate ITT for the telephone company until March 21, 1972, when columnist Jack Anderson published internal ITT documents suggesting that the corporation had actively engaged in plans to block the election of Allende.

On the day the Anderson papers were published, the Chilean Ambassador to the United States, Orlando Letelier, had just returned from Santiago with a counter-offer to ITT, according to Chilean government sources. After publication of the documents, Chile broke off its contacts with ITT.

At yesterday's hearing the Assistant Treasury Secretary for International Affairs, John M. Hennessy, said the Nixon administration cautioned international lending organiza-

tions against extending new lines of credit to an Allende government because of its shaky financial condition.

He acknowledged, however, that the administration had authorized a \$10 million loan to the Chilean military last year.

"That seems to me from an economic point of view entirely inconsistent," observed Case.

Replied Hennessy: "I would have to admit there is some inconsistency."

Ex-Official Minimizes ITT-CIA Discussion

By JEREMIAH O'LEARY
Star-News Staff Writer

Former Assistant Secretary of State for Inter-American Affairs Charles A. Meyer today told Senate investigators he saw "nothing sinister in discussions on Chile between a CIA agent and a top official of the International Telephone & Telegraph Corp."

The CIA agent, William V. Broe, proposed no firm course of action to Gerrity but only suggested feasible courses of action. He described this as the sort of "free thinking that goes into policy making every-day from A to Z."

Broe told Senate investigators that he met with Gerrity on orders from CIA Director Richard Helms.

William V. Broe, former chief of CIA clandestine services in the Western Hemisphere, testified Tuesday in closed session under oath.

Broe described a number of meetings he had with top-ranking ITT officials during the crucial period of the 1970 Chilean election which propelled Allende into power. All the meetings, Broe told the subcommittee, stemmed from suggestion of John McCone, an ITT director and former CIA chief, to Helms, and from Helms' instructions to Broe.

"Did you discuss with Mr. Gerrity the feasibility of possible actions by U.S. companies designed to create or accelerate economic instability in Chile?" Church asked.

"I explored with Mr. Gerrity the feasibility of possible

Broe, and ITT senior Vice President Edward Gerrity met in New York on Sept. 29, 1970, and discussed feasible means of exerting economic pressure on Chile prior to the election of Marxist President Salvador Allende.

Secret testimony on the meeting was made public yesterday.

Under questioning from Sen. Frank Church, D-Idaho, chairman of the Senate subcommittee on multinational corporations, Meyer testified there was no change in the U.S. government's policy of not intervening in Chile's internal affairs.

Allende had won a narrow plurality in the Sept. 4 general election over conservative Jorge Alessandri and Christian Democrat Radomiro Tomic, but needed the Christian Democratic vote for the runoff in the Chilean Congress.

Broe also gave information that appeared to contradict testimony given the subcommittee earlier by Gerrity. Gerrity had testified about an earlier offer by ITT to provide the U.S. with up to \$1 million to apply to the Chile situation. Gerrity testified the money was to be limited to constructive projects, such as housing and agricultural expansion.

But Broe said he had met with ITT President Harold Geneen in Washington and Geneen had told him ITT was prepared to assemble an election fund for Alessandri's campaign.

Church asked Broe if Geneen had ever indicated "that the fund he stood ready to contribute was to be for constructive use, technical assistance to agriculture, building of houses, or anything of that character?" Broe replied "No, it was to support Jorge Alessandri."

Broe said the CIA did not accept the money offer.

Earlier in the questioning Broe described a meeting he had in Washington with ITT President Harold S. Geneen which supported the testimony of McCone in an evident contradiction with the

Frank Church, D-Idaho, chairman of the Senate subcommittee on multinational corporations, Meyer testified there was no change in the U.S. government's policy of not intervening in Chile's internal affairs.

"You have to make the distinction between policy and the examination of policy," Meyer said.

"It is within the CIA's functional responsibility to collect intelligence relative to world-wide situations and I find nothing sinister or anything that indicates a change of policy in learning that Broe discussed or explored or brainstormed economic pressures on Chile. Because it was not policy, the policy did not change."

Church declared the New York meeting was not an exchange of intelligence but a series of suggestions made by Broe to Gerrity that must have been made with a serious purpose.

What happened in New York, Church charged, goes far beyond the collection of

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with Gerrity that they discussed the following actions: That banks should delay or not renew credits; that companies drag their feet in spending money, making deliveries and shipping spare parts, creating pressure on savings and loan institutions so they would have to close, and withdrawing all technical assistance from Chile.

Broe said he considered these measures were to create economic pressure on Chile but not to foment unrest that would lead to military intervention to keep Allende from the presidency. Broe said he provided Gerrity with a list of U.S. companies doing business in Chile and "advised him that these were companies that could participate providing the economic course was feasible."

Church told a press conference that Gerrity had told Broe at the New York meeting he didn't think the plan to provoke economic pressures would work, but this does not appear in the edited transcript released by the subcommittee.

The New York Times reported that according to internal ITT memos that were read into the subcommittee's record last week, Geneen rejected Broe's suggestions because he felt they would not work.

Sen. Clifford Case, R-N.J., said the record was not clear on whether Broe went to New York specifically to offer the economic suggestions to Gerrity. Church said there was no evidence this was a policy adopted by the U.S. government but repeated that all Broe's contacts were in accord with instructions from his superiors at CIA.

However, Church said the testimony meant to him that Broe went to New York to offer operational suggestions for creating economic chaos in Chile.

"When Mr. Geneen testifies next Monday," Church said, "we will read him Broe's testimony and ask him for his version of the facts."

He said it was too soon to be making judgements about possible perjury in the conflicts in testimony.

Broe's appearance marked the first time that an operating agent of the CIA had testified before Congress.

The unprecedented appearance was the result of an agreement between Church and CIA Director James Schlesinger that the CIA would have the opportunity to clear the transcript before it was released publicly. Church made 26 pages of Broe's transcript available yesterday. An additional 18 pages were still being processed.

C.I.A.'s Action On Chile Unauthorized, Ex-Aide Says

By EILEEN SHANAHAN

Special to The New York Times

WASHINGTON, March 29—

Charles A. Meyer, former Assistant Secretary of State for Inter-American affairs, said today that so far as he knew the Central Intelligence Agency was never specifically authorized to explore the possibility of using private American corporations to damage the economy of Chile to influence the 1970 election there.

But Mr. Meyer, now a Sears Roebuck executive, refused to criticize the C.I.A. for discussing this line of action with International Telephone and Telegraph Corporation officials, saying that such "exploration" did not necessarily violate the basic United States policy of noninterference in the Chilean election.

Strong doubts about the propriety of the C.I.A.'s action were expressed by Senator J. W. Fulbright, chairman of the Senate Foreign Relations Committee, and Senator Frank Church, Mr. Church, Democrat of Idaho, heads the subcommittee on multinational corporations that is investigating the activities of I.T.T. in Chile.

Senator Fulbright, Democrat of Arkansas, said that it looked to him as though the C.I.A. was "responding to a request by a former director of the C.I.A." rather than to governmental policy and was "going off in another direction."

Earlier testimony had disclosed that John A. McCone, former C.I.A. chief who became a director of I.T.T., went to Richard Helms, his successor at the intelligence agency, to

suggest that the Government take steps to prevent the election of Dr. Salvador Allende Gossens as President of Chile.

Dr. Allende, a Marxist, had campaigned on a platform of nationalization of basic industries in Chile, including the telephone company of which I.T.T. was the principal owner.

Senator Church asked Mr. Meyer whether the top-level governmental agency that is supposed to approve the intelligence agency's operations in advance—it is known as the 40 Committee—had ever "decided as a matter of policy that the C.I.A. should explore the feasibility of stirring up economic trouble" in Chile.

"To my certain recollection, no," Mr. Meyer replied.

But he and subcommittee members engaged in a long and inconclusive wrangle over whether the discussions, between an I.T.T. officer and a C.I.A. official constituted "policy" or "action" that required such advance approval.

The discussions were held by William V. Broe, former director of clandestine activities in Latin America for the agency, and Edward J. Gerrity, the company's senior vice president for corporate relations and advertising. They saw each other in New York in late September, 1970, after Dr. Allende had won a plurality but not a majority of the popular vote. The Chilean Congress had yet to make the final choice of a President; it chose Dr. Allende on Oct. 24.

What Mr. Broe discussed with Mr. Gerrity was the possibility that American banks might cut off credit to Chilean lenders and other American

businesses slow deliveries as a means of creating enough economic problems in Chile that members of the Congress would have second thoughts about electing Dr. Allende. A cutoff of technical help was also discussed.

Mr. Broe testified that he had given Mr. Gerrity a list of American companies doing business in Chile that might be helpful in creating economic problems, but said he had given no instructions that I.T.T. get in touch with them.

Mr. Gerrity and, later on, the company's board chairman, Harold S. Geneen, rejected the whole idea because they thought it would not work.

Mr. Meyer conceded under questioning that if the plan had been adopted it would have constituted a change in the policy of noninterference that would have required approval at a higher level than that of directors of the C.I.A. The director, Mr. Helms, had instructed Mr. Broe to explore the plan with Mr. Gerrity.

Senator Church said, however, that he was "afraid that I.T.T. did successfully lobby the C.I.A. on behalf of a covert operation, without policy approval."

"That's how this committee's record stands," he added.

Mr. Meyer also testified that no one from the company had

ever spelled out to him the purpose for which it offered the Government up to \$1-million for use in Chile. Mr. Gerrity had testified that the money was for "constructive" purposes, such as subsidies for low-cost housing, and said this had been made known to Mr. Meyer.

Other witnesses and some internal company memorandums indicated that the money was for financing an anti-Allende coalition in the Chilean Congress.

Senator Church, after hearing Mr. Meyer's statement about the \$1-million offer, said that it was "obvious that somebody is lying and we must take a very serious view of perjury under oath." He said the transcript of the hearings would be turned over to the Justice Department for review and possible filing of perjury charges.

In another highlight of the day's proceedings, Felix Rohatyn, an I.T.T. board member, disclosed that the board had not been informed of the \$1-million offer. He said that in a company of that size—it is the sixth largest American corporation, with assets in the billions—decisions involving \$1-million were often made without the knowledge of the board.

Senate ITT Inquiry to Consider Possibility of Perjury Action

By Laurence Stern
Washington Post Staff Writer

Sen Frank Church (D-Idaho) declared yesterday that "somebody is lying" in sworn testimony given to his subcommittee investigating ITT's efforts to change the course of the 1970 presidential election in Chile.

He said he will recommend that fellow subcommittee members review the testimony to determine whether it should be forwarded to the Justice Department for prosecution.

Church singled out no particular witness in making his charge. But the senators have heard many contradictory assertions about ITT board chairman Harold S. Geneen's offer of a large sum to the Nixon administration in connection with an alleged plan for government intervention against Marxist-Socialist candidate Salvador Allende.

In addition to the possibility of perjury action, the Church hearings may decisively influence the fate of ITT's \$92.5 million claim on the Overseas

Private Investment Corp., a government agency, as compensation for Chile's seizure of ITT's telephone company subsidiary in 1971.

Church is chairman of the Senate Foreign Relations Subcommittee on Multinational Corporations, which has conducted two weeks of hearings on the ITT Chilean affair.

The subcommittee heard yesterday from Charles A. Meyer, former assistant secretary of state for inter-American affairs, who asserted that

the Nixon administration remained firm in a policy of non-intervention in Allende's election during 1970.

At the same time, Church released additional testimony yesterday from William V. Broe, former CIA chief of clandestine operations in the Western Hemisphere, saying that he transmitted to ITT a

plan formulated by the CIA staff to promote economic unrest in Chile in hopes of blocking an Allende victory.

Broe said the proposal was "staffed . . . passed up to me by people who work for me." He added that "I went upstairs. I talked to the people upstairs and I was sent out to check out if they made any sense at all." By "upstairs" Broe presumably meant his superiors in the CIA.

The CIA operative, who is still in the agency's employ, referred to his discussion of the anti-Allende plan with an ITT vice president, Edward Gerrity, as an "operational" discussion.

When confronted with the CIA man's testimony, Meyer said he saw "no inconsistency" between Broe's actions and the non-intervention policy to which he said the Nixon administration adhered.

But he also acknowledged that he was unaware of Broe's approaches to ITT although he participated in

one meeting of the National Security Council's senior intelligence review committee for operations at which the Chilean political situation was reviewed.

"I suspect one hand didn't know what the other was doing," exclaimed Foreign Relations Committee Chairman J. W. Fulbright (D-Ark.) The Central Intelligence Agency, Fulbright charged, was "going off on a frolic of its own" in response to ITT pressures brought by former CIA director John A. McCone, an ITT board member, and others.

"Is the CIA working for the United States or for ITT and McCone?" asked Sen. Clifford P. Case (R-N.J.) "We have testimony from McCone and others that ITT was lobbying the government, having conversa-

tions with Henry Kissinger and the CIA."

McCone testified last week that he relayed to Kissinger and then CIA director Richard M. Helms an offer by Geneen to contribute as much as \$1

million for a U.S. government plan to thwart Allende's election in 1970.

Meyer took the position that Broe's mission was to "explore options" for action in Chile but was not in itself a reversal of the U.S. policy against intervention in the election.

Meyer refused to answer questions from subcommittee members on what specific instructions were given to former CIA Director Helms by the NSC's 40 Committee, which operates under Kissinger's direction for the contacts with ITT. The former State Depart-

ment policy maker stuck to his position that the National Security Council policy group maintained its stand against intervention by economic and any other means.

"Then we must assume," said Church, "that what was being done by the CIA was done on its own, CIA was being lobbied by ITT and they had a little thing going."

Helms testified to the subcommittee in closed session on March 5 before leaving for his new post as Ambassador to Iran, but there is no intention at this point of releasing his statement.

Meyer also contradicted previous testimony by Gerrity of ITT that a member of the corporation's Washington staff, Jack Neal, transmitted to him

a Geneen offer to spend up to \$1 million for housing and social development in Chile. Meyer said he recalls neither the figure nor the purpose ever being mentioned to him by Neal.

A former White House adviser on international economic policy, Peter G. Peterson, told the subcommittee that at the request of White House aide John Ehrlichman he met with Geneen on Dec. 14, 1971, to discuss the ITT's expropriation case in Chile.

The Geneen meeting was arranged, said Peterson, at the request of ITT's former Washington office director, William Merriam. Peterson said "I didn't take any action I can recall" as a result of the luncheon meeting with Ge-

neen, which was also attended by Gen. Alexander Haig, then Kissinger's deputy.

Peterson recalled that after the meeting ITT sent him an 18-point "action plan" designed to cripple Chile's economy and, in the words of its author, "see that Allende does not get through the crucial next six months."

The plan, said Peterson, did not receive serious consideration by the Nixon administration.

Viron K. Vaky, a former member of Kissinger's National Security Council staff specializing in Latin American affairs, testified that he was contacted by ITT's Neal in September, 1970, and was told that Geneen was "prepared to spend sums up to seven figures."

But Vaky testified he did not recall what the purpose of the grant was to be. Vaky now U.S. Ambassador to Costa Rica, said he did not bother to inform Kissinger or staff colleagues of the ITT proposal which he acknowledged, under questioning, to be "unusual." The matter, he said, was dropped after Neal's call. ITT director and Wall Street investment counselor Felix Rohatyn told the subcommittee that Geneen never brought up the subject of the million-dollar offer to the Nixon administration at board meetings. He first learned about it in Jack Anderson's column, he said.

Following the Anderson disclosure Rohatyn said, Geneen denied that he had ever

proposed any plan to influence the course of the election in Chile.

In response to a question by Church, Rohatyn said the board of ITT never undertook an "in depth investigation" of the alleged ITT plan to block Allende's election.

I.T.T./C.I.A.

A Rash of Hints—No Conclusions

WASHINGTON — Two separate though interrelated threads emerged last week from the inquiry into the role played by the International Telephone and Telegraph Corporation in the formulation of American policy toward the Chilean Presidential election of 1970.

The first was evidence of exactly the sort of thing that a special subcommittee of the Senate Foreign Relations Committee was created to look for: influence or attempted influence on United States foreign policy by large American-based companies that operate around the world. Sworn testimony before the subcommittee indicated that I.T.T. had taken the initiative in approaching high-level Government officials and suggesting that all possible steps be taken to prevent the election of Salvador Allende Gossens, the candidate of a coalition of Socialist and Communist parties.

The second major thread involved the actions of the Central Intelligence Agency, with respect to Chile, and raised anew old questions about whether that agency sometimes pursues its own foreign policy, separate from that of the President or the State Department.

The revelations, as so often is the case in such hearings, came to light in a disorderly sequence.

TUESDAY: The former American Ambassador to Chile, Edward Korry, testified that he had disputed a poll financed by the C.I.A., which indicated that Jorge Alessandri Rodriguez, one of the more conservative candidates, would win. But while he said he had foreseen the election of Dr. Allende, almost from the start, he denied almost every thing else said about him in a mountain of memos that I.T.T. personnel in South America had sent back to their Washington and New York headquarters. Among other things, he denied that he had ever talked to outgoing President Eduardo Frei Montalva about leading an anti-Allende coalition or to members of the Chilean armed forces about the possibility of a military takeover.

WEDNESDAY: The subcommittee made public testimony taken behind closed doors Tuesday from William V.

Broe, who had been the head of clandestine operations in Latin America for the C.I.A. in 1970.

Mr. Broe confirmed that at least one highly revealing statement in the internal I.T.T. memo was true: the company's board chairman, Harold S. Geneen, had offered the United States Government a "substantial" slush fund — others put the figure at \$1-million — in an attempt to defeat Dr. Allende. This was in July, when the C.I.A.'s own information might have been that Dr. Allende would lose anyway, Mr. Broe rejected the offer.

He also disclosed, however, that later on he initiated a contact with a senior vice president of I.T.T., Edward J. Gerrity, to discuss a stop-Allende plan. This was in late September, after Dr. Allende had won a plurality, but not a majority, of the popular vote in the three-way race, and when there was about a month to go before the Chilean Congress finally picked him as the winner. The plan was for I.T.T. to work together with other American companies with big interests in Chile to withdraw credit and technical aid and to delay deliveries to the point where economic instability might be created. This, it was hoped, would scare some members of the Congress out of voting for Dr. Allende, I.T.T. turned down the scheme.

THURSDAY: The former Assistant Secretary of State for Latin American Affairs, Charles A. Meyer, testified that the United States policy toward the Chilean election had been, at all times during 1970, one of strict non-interference. But he would not condemn Mr. Broe for exploring what steps might possibly be taken if that policy were to be changed, following Dr. Allende's emergence as the probable winner.

Hints that Mr. Broe had no authority for what he did, higher than that of his boss, Richard Helms, director of the C.I.A., who had ordered him to see Mr. Gerrity, were left unchallenged.

But there were indications that a change in policy toward Chile was indeed considered at the highest Governmental levels, and that there may have been plenty of authorization for Mr. Broe's approach. One of the most persuasive of these hints is the transcript of an off-the-record briefing for some editors that was held by Henry A. Kissinger, during the period between the popular and the Congressional votes. President Nixon's top foreign policy adviser spoke then of the "massive problems" that might be created for the United States in South America by an Allende victory in Chile, and said that the United States Government was reviewing what it could do about the situation.

—FREDERICK STANLEY